Supreme Court, U.S.
FILED
No. 001946 JUN 25 2001
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IN THE

Supreme Court of the United States

INSITUFORM TECHNOLOGIES, INC.,
INSITUFORM, (NETHERLANDS) B.V.,
AND INSITUFORM GULF SOUTH, INC.
Petitioners,

v.

CAT CONTRACTING, INC., FIRSTLINER U.S.A., INC.,
GIULIO CATALLO, MICHIGAN SEWER CONSTRUCTION
COMPANY AND KANAL SANIERUNG HANS MUELLER
GMBH & CO. KG,
Respondents.

On Petition for a Writ of Certiorari to the
United States Court of Appeals for the Federal Circuit

PETITION FOR WRIT OF CERTIORARI

GREGORY E. UPCHURCH
COUNSEL OF RECORD
LEWIS R. MILLS
THOMPSON COBURN LLP
ONE FIRSTAR PLAZA
ST. LOUIS, MISSOURI 63101
(314) 552-6000

OF COUNSEL
HAROLD JAMES
JAMES & FRANKLIN LLP
60 EAST 42ND STREET, SUITE 1217
NEW YORK, NEW YORK 10165
(212) 867-7260

St. Louis Law Printing, Inc. 14239 Manchester Rd. Manchester, MO 63011 314-231-4477

QUESTIONS PRESENTED FOR REVIEW

The Court of Appeals for the Federal Circuit based its decision in this case squarely on its recent decision, by a divided court, in *Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd. et al.*, 234 F.3d 558 (Fed. Cir. *en banc* 2000) (herein referred to as "*Festo*"). A petition for writ of certiorari in *Festo* (Docket No. 00-1543) was granted by this Court on June 18, 2001.

This case was decided solely on the basis of *Festo* and thus presents the same questions that are presented in *Festo*. Because the Court has issued its writ of certiorari in *Festo* it should also issue its writ of certiorari in this case.

In addition, this case presents an important question not presented by the facts in *Festo*:

> **When the prosecution history of a patent discloses the reasons for a change in the claim language during prosecution, can those reasons ever overcome prosecution history estoppel as a bar to the application of the doctrine of equivalents?**

THE PARTIES

Petitioner Insituform Technologies, Inc. has no parent. It is the sole shareholder of the sole shareholder and thus the indirect parent of petitioner Insituform (Netherlands) B.V. Petitioner Insituform Gulf South, Inc., was merged into Petitioner Insituform Technologies, Inc. in December 1998. No subsidiaries or affiliates of Insituform Technologies, Inc. have issued shares to the public.

The names of all the parties are set forth in the caption of this case.

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1. The decision of the court below in this case was based squarely on its earlier decision in *Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd. et al.*, and thus the questions presented by Festo are also presented in this case. A petition for writ of certiorari in *Festo* (Docket No. 00-1543) was granted by this Court on June 18, 2001. Therefore the Court should issue its writ of certiorari in this case as well. 12

2. The decision of the Federal Circuit in this case is inconsistent with the decisions of this Court in *Warner-Jenkinson v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997), and *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605 (1950). 13

3. The decision of the Federal Circuit in this case applies the *Festo* rule retrospectively. It thus destroys the protections that most patent practitioners reasonably expected would result from their reliance on pre-*Festo* law. The consequences of practitioners' common practice of disclosing in the prosecution history the reasons for amendments to patent applications have been reversed. In making what is essentially a legislative decision, the Federal Circuit has so far departed from the accepted and usual course of judicial proceedings that the exercise of this Court's supervisory power is called for. 20

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OPINIONS BELOW

The opinion of the Court of Appeals for the Federal Circuit delivered on March 26, 2001 (*Insituform III,* Appendix A, pages A1-A17), reversing and remanding this case to the district court with instructions to dismiss as to all parties, is not and will not be officially reported. Prior opinions of the Court of Appeals for the Federal Circuit in this case are reported at 161 F.3d 688 (*Insituform II,* Appendix B, pages A18-A35), and at 99 F.3d 1098 (*Insituform I,* Appendix C, pages A36-A60). None of the orders issued in this case by the United States District Court for the Southern District of Texas are officially reported. The Appendices to this petition include the following orders of that court: Final Judgment, August 31, 1999 (Appendix D, pages A61-A62); Revised Findings of Fact and Conclusions of Law, August 31, 1999 (Appendix E, pages A63-A135); Findings of Fact and Conclusions of Law, September 3, 1997 (Appendix F, pages A136-A201); Revised Findings of Fact and Conclusions of Law, December 31, 1996 (Appendix G, pages A202-A231); Second Amended Findings of Fact and Conclusions of Law, 1995 (Appendix H, pages A232-A259); Injunction, November 30, 1995 (Appendix I, pages A260-A261); and Order, November 30, 1995 (Appendix J, pages A262-A263).

JURISDICTIONAL STATEMENT

The judgment of the United States Court of Appeals for the Federal Circuit was entered on March 26, 2001 (Appendix A, page A-1). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATEMENT OF THE CASE

Petitioners (herein referred to collectively as "Insituform") are the holder and licensees of United States Patent 4,336,012 (the "'012 patent"). Respondents (herein referred to collectively as "Firstliner") are competitors of Insituform who use a process equivalent to that protected by the '012 patent. They also use another very similar process.

A. The Underlying Technology.

Insituform repairs a damaged sewer line using a long flexible tube with two layers. One layer is impermeable, and the other is made of a resin absorbent material. Initially the absorbent layer is impregnated with resin.[1] The tube is then inserted into the damaged pipe and hot water is run through it to cure and set the resin in place. After the resin has been cured the tube becomes rigid and waterproof, in essence becoming a new pipe inside the old damaged pipe. This process rarely requires excavation of the old damaged pipe.

The patents and processes involved in this action relate to how the tube is impregnated with resin before it is inserted into the damaged pipe.

B. The Prior Art.

U.S. Patent No. 4,182,262 (the "Everson patent")[2] disclosed a process for impregnating the tube by putting

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[1] This soaking can often be done at the repair site, thereby avoiding the need to transport heavier already impregnated tubing to the site.

[2] The Everson process is ineffective when applied to long lengths of tube because for such applications it is very time consuming and because it requires an exceedingly large suction compressor.

the resin in one end of the tube and drawing the tube under a roller. As the leading end of the tube passes under the roller the resin is extruded toward the opposite end. The flow of the resin toward the opposite end is facilitated by a vacuum source at that end. "The combined action of the flattener and the vacuum system thus cause[s] the resin thoroughly to impregnate the absorbent lamina of the length of the tube required to line the passageway."[3]

C. The '012 Patent.

The first two claims in the original application that ultimately became the '012 patent (the "Original Aplication") were broadly phrased. They read as follows:

> "1. A method of impregnating a flexible tube comprising an inner layer of resin absorbent material and an outer layer in the form of an impermeable film, wherein the resin absorbent layer is impregnated with a curable resin by applying a vacuum to the inside of a flexible tube whilst the resin is brought into impregnation contact with the resin absorbent material, the impermeable film serving as a means to prevent ingress of air into the interior of the tube, whilst the impregnation process is taking place.
>
> "2. A method according to claim 1, wherein the resin is introduced into one end of the tube in a quantity calculated effectively to impregnate all of the resin absorbent material of the tube, and the

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[3] The Everson patent as quoted in *Insituform I*, 99 F.3d at 1102, Appendix C, page A-42.

> vacuum is applied to the interior of the tube, downstream of the resin mass, so that the resin will tend to flow towards the vacuum application region."[4]

The fourth claim in the Original Application, however, was more narrowly phrased. It related to a movable vacuum cup that can be initially placed on the tube close to the resin source. As the part of the tube between the resin source and the vacuum cup becomes impregnated with resin, the vacuum cup is moved further downstream from the resin source. The process is repeated as often as necessary until the entire length of tube is impregnated. In this process the vacuum source is never overly far from the leading edge of the resin. The exact language of the fourth claim was as follows:

> "4. A method according to claim 2, wherein the vacuum is applied through a window in the wall of the tube by means of a cup applied to said window to a source of vacuum by means of a flexible hose, whereby the cup can move with the tube during its movement relative to said nip, the cup being moved and applied to a position spaced downstream from the previous window, said previous window being sealed by means of a patch or the like, whereby the process is repeated for respective lengths of the tube until the entire tube length has been impregnated."[5]

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[4] The initial application for the '012 patent as quoted in *Insituform I*, 99 F.3d at 1103, Appendix C, pages A-43-A-44.

[5] The initial application for the '012 patent as quoted in *Insituform I*, 99 F.3d at 1103-1104, Appendix C, page A-45.

The Patent Office rejected the Original Application because of the prior Everson patent.

The Original Application was then amended to restate the substance of its fourth claim. The fourth claim had originally been dependent upon the second claim (which in turn was dependent on the first claim). The amendment abandoned the first two claims because they overlapped the Everson patent. But it amended the fourth claim only to reflect the dependency acknowledged in the Original Application. Except for this change in form, the claim asserted in the amended application was the same as the fourth claim in the Original Application. As amended it became Claim 1 and read as follows:

> "1. A method of impregnating with a curable resin an inner layer of resin absorbent material disposed in an elongate flexible tube having an outer layer formed by an impermeable film, the method comprising the steps of
>
> (1) introducing into one end of the elongate tube a mass of curable resin sufficient to impregnate the entire resin absorbent inner layer of the tube,
>
> (2) forming a window in the impermeable outer layer of the tube at a distance from said one end of the tube,
>
> (3) drawing through the window a vacuum in the interior of the tube downstream of said one end by disposing over the window a cup connected by a flexible hose to a vacuum source . . . ,
>
> (4) beginning at or near the end at which the curable resin mass was introduced, passing the

tube between squeezing members which force the resin to flow toward the region of vacuum application as the tube progresses through the squeezing members,

(5) when the resin reaches the vicinity of the region of vacuum application, removing the cup and sealing the window,

(6) providing another window in the impermeable layer downstream of the previously formed window,

(7) drawing through the new window a vacuum in the interior of the tube while progressively moving the tube through the squeezing members to force the resin to flow toward the new region of vacuum application, and

(8) repeating steps 5, 6, and 7, where necessary to impregnate the entire resin absorbent inner layer of the flexible tube."[6]

The applicant submitted the following argument in support of the amended application:

"The principal reference relied on in the rejection of claims 1 to 6 is the patent to Everson (U.S. 4,182,262). Everson's method is ineffective when dealing with long lengths of tube because that method requires an exceeding large suction compressor. Applicant's method solves the problem of impregnating long lengths of tubing by forming a window in the tube's impermeable skin, drawing the resin to the region of the window by a vacuum while squeezing the

[6] The amended application for the '012 patent as quoted in *Insituform I*, 99 F.3d at 1104, Appendix C, pages A-46 - A-48.

> tube to force the resin to flow toward the evacuated region, sealing the window, and repeating the process at another window downstream. Thus by iterating and reiterating that process, the resin is drawn along to impregnate the entire length of the tube."[7]

The claim as so amended was allowed without further comment by the examiner, and the '012 patent was issued.

D. The Firstliner Processes.

One of the Firstliner processes (Process #1) is exactly the same as that disclosed in the '012 patent except that instead of a single movable vacuum cup it uses multiple movable vacuum cups. The other Firstliner process (Process #2) is the same as Process #1 except that it introduces vacuum into the tube being impregnated through needles stuck into the tube rather than cups.

E. The Earlier Phases of This Litigation.

In earlier phases of this case the district court found that both Firstliner processes infringed the '012 patent under the doctrine of equivalents. It found no literal infringement on the ground that the '012 patent discloses only "a" vacuum cup. It found, however, that multiple vacuum cups were equivalent to a single movable vacuum cup, and therefore constituted an infringement under the doctrine of equivalents.

The district court rejected Firstliner's argument based on prosecution history estoppel:

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[7] Quoted in *Insituform I*, 99 F.3d at 1104, Appendix C, page A-46.

> "There is nothing in the file history of the '012 patent or the prior art which prevents claim 1 from covering Defendants' processes. The patentee originally claimed, in claim 1, all types of vacuum application, and in claim 4 he originally claimed the sequential application of vacuum. The prior art cited by the Examiner did not show that sequential vacuum application, and by amending the claims the patentee abandoned protection broad enough to include all types of vacuum application, **but properly retained claims to sequential vacuum application**, which is precisely what Defendants do in all their processes."[8]

In *Insituform I* the Court of Appeals affirmed the district court's rejection of Firstliner's prosecution history argument. After describing the prosecution history it wrote:

> "We therefore conclude that the prosecution history does not estop Insituform from asserting that the right to exclude extends broadly enough to cover either Process 1 or Process 2." [9]

Although the Court of Appeals affirmed the district court's rejection of prosecution history estoppel, it found that the district court had misconstrued the claims in finding infringement under the doctrine of equivalents. It remanded the case for further findings on the infringement issues.

On remand, the district court again found that both Process #1 and Process #2 infringed the '012 patent

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[8] Emphasis added; *Insituform I,* 99 F.3d at 1107, Appendix C, pages A-54 - A-55..

[9] *Insituform I*, 99 F.3d at 1109, Appendix C, page A-58.

under the doctrine of equivalents. Firstliner appealed again.

In *Insituform II* the Court of Appeals again rejected Firstliner's arguments based on prosecution history estoppel. It wrote:

> "The *Warner-Jenkinson* presumption, which comes into play only when *no explanation* is given for a claim amendment, is not applicable to this case because Insituform made clear that the reason for the amendment was to overcome the prior art teaching creation of a single source vacuum at the far end of the liner.[10]
>
> . . .
>
> "Therefore, we hold that Insituform did explain the reasons for its changes in claim 1, and those reasons do not prohibit application of the doctrine of equivalents completely, but only with respect to the subject matter surrender of a large, single vacuum source placed a significant distance from the resin front."[11]

The Court of Appeals affirmed the district court's finding that Process #1 infringed the '012 patent but reversed as to Process #2. It remanded the case to the district court for a determination of the damages separately attributable to the infringement of Process #1.[12]

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[10] The term "liner" is used in the industry to refer to the "tube" referred to in the '012 patent.

[11] *Insituform II*, 161 F.3d at 692; Appendix B, pages A-25 - A-26.

[12] It also remanded for findings concerning whether a corporation with knowledge of the '012 patent was the alter ego of one of the defendants, so that that defendant could be liable for inducing the infringement.

On remand the district court found that the damages separately attributable to the infringement by Process #1 were $9,546,289.06 (including prejudgment interest and attorneys' fees), and it entered its final judgment for that amount on August 31, 1999. Firstliner appealed again.

F. Insituform III.

Insituform II had affirmed the district court's earlier finding of infringement, and that determination was reflected in the district court's judgment of August 31, 1999. For this reason, in *Insituform III* no issues relating to infringement were briefed. At oral argument on November 3, 2000, there was no argument concerning any infringement issues.

Then on November 29, 2000, the Court of Appeals for the Federal Circuit decided *Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd. et al.*, 234 F.3d 558 (Fed. Cir. *en banc* 2000) (herein referred to as "*Festo*"). It there held that if an element of a patent claim is narrowed by amendment during the application process for any reason related to patentablity, that element of the patent cannot thereafter be infringed by equivalents **even if the equivalents are wholly unrelated to the narrowing amendment.** Under *Festo*, if in the patent application process an element of a claim is restricted by amendment, only a literal infringement of that element of the resulting patent is actionable. Thus a copyist could exactly copy all but one amended element of a patent, and employ an obvious equivalent of that one amended element, all without infringing the patent. According to *Festo,* no finding of infringement of such an amended claim is possible under the doctrine of equivalents unless there is literal infringement of all its amended elements.

The issues raised by Firstliner's appeal in *Insituform III* concerned only the amount of damages and which defendants were liable for those damages; all the infringement issues had been resolved in *Insituform II*. Nevertheless, on Firstliner's post-argument (and post-*Festo*) motion, the Court of Appeals in March 2001 retrospectively applied its newly announced *Festo* rule in this case and revoked its prior holding in *Insituform II*.[13] Following *Festo*, the court held that there could be no infringement of the '012 patent under the doctrine of equivalents because in the patent application process the Original Application had been amended to exclude the Everson process. Thus, although

> (i) the court had previously twice rejected prosecution history estoppel as a defense,
>
> (ii) the court had found in *Insituform II* that Process #1 was equivalent to the claim in the '012 patent, and
>
> (iii) the district court's finding that Process #1 infringed the '012 patent (having been affirmed by the Court of Appeals in *Insituform II)* was not before the court on the third appeal,

the Court of Appeals nevertheless abandoned its previous holding. It held for the first time that Insituform was estopped by the patent application history from asserting infringement by equivalents. For this reason the court below directed that this action be dismissed as to all parties.

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[13] *I.e.*, that Firstliner's Process #1 infringed Insituform's '012 patent.

REASONS FOR GRANTING THE WRIT

1. The decision of the court below in this case was based squarely on its earlier decision in *Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd. et al.*, and thus the questions presented by *Festo* are also presented in this case. A petition for writ of certiorari in *Festo* (Docket No. 00-1543) was granted by this Court on June 18, 2001. Therefore the Court should issue its writ of certiorari in this case as well.

The Court of Appeals for the Federal Circuit (herein referred to as the "Federal Circuit") based its decision in this case squarely on its earlier decisions in *Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd. et al.*, 234 F.3d 558 (Fed. Cir. *en banc* 2000) (herein referred to as "*Festo*"). In this case the Federal Circuit wrote:

> **Under *Festo*,** Insituform cannot assert any range of equivalents for this claim limitation.[14]

A petition for writ of certiorari in *Festo* (Docket No. 00-1543) was granted by this Court on June 18, 2001.

If the decision of the Federal Circuit in *Festo* is wrong, its decision in this case is also wrong. The Federal Circuit has already held that under the pre-*Festo* law, there was infringement of Insituform's '012 patent under the doctrine of equivalents (*Insituform II*).

Therefore, because the Court has already issued its writ of certiorari to the Federal Circuit in *Festo*, as a

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[14] Emphasis added; Appendix A, page A-16.

matter of fundamental fairness it should also issue its writ of certiorari to the Federal Circuit in this case.

2. The decision of the Federal Circuit in this case is inconsistent with the decisions of this Court in *Warner-Jenkinson v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997), and *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605 (1950).

The facts of this case differ significantly from the facts in *Festo*. For this reason the holding of the Federal Circuit in this case can be regarded as a considerable extension of its holding in *Festo*.

In both *Festo* and *Warner-Jenkinson v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997), there was **an unexplained change in the language of the claim** during the prosecution. In *Festo* it was the addition of a requirement that the sleeve be made of "magnetizable material". In *Warner-Jenkinson* it was the addition of the lower pH limit of 6.0. In neither case did the prosecution history disclose the reasons for the change. Both cases dealt with how prosecution history estoppel applies in cases involving unexplained changes in claims. For this reason, the Federal Circuit in *Festo* could perhaps have resolved that case without going beyond *Warner-Jenkinson*.

This case could not have been so resolved. **There is no unexplained change in this case.** Here the prosecution history makes clear the reason for the change. Original claims 1 and 2 in the Original Application were abandoned to avoid the prior art of the Everson patent. Original claim 4, which had originally been dependent on claims 1 and 2, therefore had to be

restated to make explicit what had been implicit by reason of that dependency. But it was not otherwise changed. It was clear from the prosecution history that there was no intent to limit or narrow claim 4. That is the claim that became claim 1 of the '012 patent as issued, and that is the claim that is the subject of this action. Indeed, the Federal Circuit in *Insituform II* so held explicitly and unambiguously:

> "The *Warner-Jenkinson* presumption, which comes into play only when *no explanation* is given for a claim amendment, is not applicable to this case because Insituform made clear that the reason for the amendment was to overcome the prior art teaching creation of a single source vacuum at the far end of the liner.[15]
>
> . . .
>
> "Therefore, we hold that **Insituform did explain the reasons for its changes in claim 1, and those reasons do not prohibit application of the doctrine of equivalents completely, but only with respect to the subject matter surrender of a large, single vacuum source placed a significant distance from the resin front."**[16]

Thus this case differs significantly from both *Festo* and *Warner-Jenkinson*. In those cases there was no explanation for the changes in the record. Here the reason for the change is fully explained.

Both *Warner-Jenkinson* and *Festo* were cases in which the reason for an amendment to a patent claim was not

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[15] See note 9, *supra*.

[16] Emphasis added; *Insituform II*, 161 F.3d at 692; Appendix B, pages A-25 - A-26.

set out in the record. Such cases are unusual. The much more common practice is described by Judge Plager in his concurring opinion in *Festo*:

> "Past practice has been to claim broadly in the initial application for a patent, and then negotiate with the United States Patent and Trademark Office through one or more rejections until arriving at a mutually acceptable set of claims." 234 F.3d at 592.

Such "negotiation" typically, as in the case at bar, reveals in the record the reason for amendments to the claims as originally phrased.

Judge Newman, also dissenting in part in *Festo*, also commented on the frequency with which patent applications are amended:

> "It has been routine practice for patent solicitors to initially present broad claims to an invention, in the expectation of honing those claims in interaction with the examiner. As very few patent applications traverse the PTO without amendment or argument, few issued patents will be free of these changes in the law. . . ." 234 F.3d at 638.

In a footnote to this observation, Judge Newman estimates that no more than 10-15% of all patent applications are granted without amendment.[17]

What the Federal Circuit did in this case was to take the rule it announced in the unusual *Festo* case — where the reason for the amendment was not disclosed — and then apply it to the much more common case where the reason for the amendment is apparent in the record.

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[17] Note 3, 234 F.3d at 638.

In so doing it contravened the teachings of this Court. Indeed, it has well nigh destroyed the venerable doctrine of equivalents. In discussing that doctrine in *Graver Tank & Mfg. Co. v. Linde Air Products*, 339 U.S. 605, 607-608 (1950), this Court stated:

> One who seeks to pirate an invention, like one who seeks to pirate a copyrighted book or play, may be expected to introduce minor variations to conceal and shelter the piracy. Outright and forthright duplication is a dull and very rare type of infringement. To prohibit no other would place the inventor at the mercy of verbalism and would be subordinating substance to form. It would deprive him of the benefit of his invention and would foster concealment rather than disclosure of inventions, which is one of the primary purposes of the patent system.
>
> The doctrine of equivalents evolved in response to this experience. The essence of the doctrine is one may not practice a fraud on a patent. Originating almost a century ago in the case of Winans v. Denmead, 15 How. 330, 14 L.Ed. 717, it has been consistently applied by this Court and the lower federal courts, and continues today ready and available for utilization when the proper circumstances arise.

After *Festo*, the doctrine of equivalents is no longer "ready and available". The common practice of the patent bar for half a century has been to narrow initially broad claims by amendment when required by the prior art, and also to disclose the reasons for the amendment in the prosecution history. By so doing they expected to obtain for their clients the protections of the now ancient doctrine of equivalents. *Festo* destroys those

protections. It effectively eviscerates the doctrine. *Festo* is thus inconsistent with a century and a half of cases in this Court.

This Court has explained the proper role of the courts in determining the scope, if any, of prosecution history estoppel in these more common cases in which the reason for the amendment appears in the prosecution history. There is nothing in that explanation to suggest that any amendment precludes a finding of infringement under the doctrine of equivalents. On the contrary, in *Warner-Jenkinson* this Court stated:

> "We do not suggest that, where a change is made to overcome an objection based on the prior art, a court is free to review the correctness of that objection when deciding whether to apply prosecution history estoppel. . . . What is permissible for a court to explore is the reason (right or wrong) for the objection and the manner in which the amendment addressed and avoided the objection." 520 U.S. at 33, n. 7.

This passage highlights fundamental errors in the application of *Festo* to this case. This Court in *Warner-Jenkinson* clearly stated that although prosecution history estoppel may apply to amendments resulting from the prior art, the "reason" for the examiner's objection and the "manner" in which that objection is addressed should both be examined in determining the scope of the estoppel. *Festo*, with its complete bar rule, examines neither.

In the present case, the "reason" for the objection was clear—the Everson patent disclosed a single vacuum source at one end of the workpiece. In fact the reasons

for the amendment were succinctly stated in the prosecution history as follows:

> "The principal reference relied on in the rejection of claims 1 to 6 is the patent to Everson (U.S. 4,182,262). Everson's method is ineffective when dealing with long lengths of tube because that method requires an exceeding large suction compressor. Applicant's method solves the problem of impregnating long lengths of tubing by forming a window in the tube's impermeable skin, drawing the resin to the region of the window by a vacuum while squeezing the tube to force the resin to flow toward the evacuated region, sealing the window, and repeating the process at another window downstream. Thus by iterating and reiterating that process, the resin is drawn along to impregnate the entire length of the tube."

This passage also reveals the "manner" in which the objection was overcome. Claims 1 and 2 were surrendered, but Claim 4 was not. The original Claim 4 was a dependent claim, and therefore it implicitly included its parent claims. In the amendment, those implicit parent claims were written out in full. But except for necessary editorial changes, allowed Claim 1 was the same as original Claim 4. Its key element, *i.e.*, the iteration and reiteration of the application of the vacuum, was not changed. It is thus clear that allowed Claim 1 was never narrowed. Rather, it was nothing more or less than a non-narrowing restatement of original Claim 4.

In short, in the prosecution history of the '012 patent, the stated reasons for the amendment reveal exactly what coverage was surrendered and why it was surrendered — **and what was not surrendered.** Insituform

gave up coverage of a vacuum source at the end of the tube. But it estopped itself in no other way. It did not give up coverage of a vacuum source that was iteratively applied at various places along the tube as the work progressed. And the Federal Circuit, pre-*Festo*, explicitly so held in *Insituform II*.

But in *Festo* and in this case the Federal Circuit abandoned that common sense approach. It yielded to the seductions of a "bright-line" rule. In succumbing to those attractions it ignored the warnings given by this Court in *Warner-Jenkinson*. This Court there resisted temptation and refused to adopt exactly the type of bright-line rule the Federal Circuit adopted in *Festo*. The Court stated:

> "That petitioner's rule might provide a brighter line for determining whether a patentee is estopped under certain circumstances is not a sufficient reason for adopting such a rule. This is especially true where, as here, the PTO may have relied upon a flexible rule of estoppel when deciding whether to ask for a change in the first place. To change so substantially the rules of the game now could very well subvert the various balances the PTO sought to strike when issuing the numerous patents which have not yet expired and which would be affected by our decision." 520 U.S. at 32, n. 6.

By applying *Festo* to this case — a case in which the reasons for an amendment are fully disclosed in the prosecution history — the Federal Circuit has put at risk the rights of **all** patentees having patent claims in which **any** amendment was made. It has done so despite the contrary direction given by this Court in *Warner-Jenkinson* and indeed in all of its cases based on the doctrine of equivalents.

In summary, in this case the Federal Circuit has decided an important question of federal law in a way that conflicts with the relevant decisions of this Court. In *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605 (1950), this Court established the continued validity of the doctrine of equivalents. In *Warner-Jenkinson Company v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997), this Court held that the doctrine of equivalents survived the amendment of the Patent Act by Congress in 1952. This Court there expressly declined to overrule *Graver Tank*.

In *Festo* and in its application of *Festo* to this case, the Federal Circuit has paid only lip service to those decisions of this Court.[18] It has in effect abolished the doctrine of equivalents. Such a far-reaching decision cries out for review by this Court.

3. The decision of the Federal Circuit in this case applies the *Festo* rule retrospectively. It thus destroys the protections that most patent practitioners reasonably expected would result from their reliance on pre-*Festo* law. The consequences of practitioners' common practice of disclosing in the prosecution history

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[18] In *Warner-Jenkinson* this Court held that the scope of surrender attributable to an amendment should be determined by examining the reasons for that amendment: "What is permissible for a court to explore is the reason (right or wrong) for the objection and the manner in which the amendment addressed and avoided the objection." 520 U.S. at 33, n. 7. In this case and in *Festo*, the Federal Circuit limited its inquiry to the question of whether an amendment was made for reasons related to patentability. 234 F.3d at 563-564. Because substantially all amendments to a patent application are made for reasons related in some way to patentability, that limited inquiry is equivalent to no inquiry at all.

the reasons for amendments to patent applications have been reversed. In making what is essentially a legislative decision, the Federal Circuit has so far departed from the accepted and usual course of judicial proceedings that the exercise of this Court's supervisory power is called for.

In this case the court below applied its *Festo* rule retrospectively. It used its new *Festo* rule to overrule its own prior decision in this very case — a decision that affirmed a finding of infringement under the doctrine of equivalents.

In this case, as has been the common practice of the patent bar for years, the applicant initially stated his claims broadly and then narrowed them through interaction with the Patent Office. With the doctrine of equivalents (as defined in cases such *Graver Tank*) in the background, the applicant carefully made sure that the prosecution history clearly reflected the reasons for the changes. As noted above, both Judge Plager and Judge Newman recognized, in their separate opinions in *Festo*, that this approach was customary among patent practitioners. (234 F.3d at 592, 638)

Yet as a result of Federal Circuit's retrospective application of its new *Festo* rule, the practices of practitioners in the Patent Office for past decades are set to nought. Patent holders who thought they were protected against unscrupulous copyists are left defenseless. Citizens are deprived of legitimate expectations and settled transactions are upset.

As stated by Judge Michel in his dissenting opinion in *Festo*:

> "Today's ruling offers no 'grandfathering' provision for the vast numbers of unexpired patents that contain amended claim limitations, and thus that will become increasingly susceptible to copying under today's new rule. . . . As today's adoption of the complete bar was utterly unpredictable, these applicants had no way to avoid the harm that now befalls them." 234 F.3d at 618-619.

Had the change in the law effected by the Federal Circuit in *Festo* been made by Congress, there would have been a strong presumption that the change would operate only prospectively. In *Eastern Enterprises v. Apfel*, 524 U.S. 498, 532-534 (1988), this Court eloquently wrote:

> "Retroactivity is generally disfavored in the law, *Bowen v. Georgetown Univ. Hospital*, 488 U.S. 204, 208 (1988), in accordance with 'fundamental notions of justice' that have been recognized throughout history, *Kaiser Aluminum & Chemical Corp. v. Bonjorno*, 494 U.S. 827, 855 (1990) (Scalia, J., concurring). See also, *e.g.*, *Dash v. Van Kleeck*, 7 Johns. 477, 503 (N.Y.1811) ("It is a principle in the English common law, as ancient as the law itself, that a statute, even of its omnipotent parliament, is not to have a retrospective effect"); H. Broom, Legal Maxims 24 (8th ed. 1911) ("Retrospective laws are, as a rule, of questionable policy, and contrary to the general principle that legislation by which the conduct of mankind is to be regulated ought to deal with future acts, and ought not to change the character of past transactions carried on upon the faith of the then existing law"). In his Commentaries on the Constitution, Justice Story reasoned, "[r]etro-spective laws are, indeed, generally unjust;

and, as has been forcibly said, neither accord with sound legislation nor with the fundamental principles of the social compact." 2 J. Story, Commentaries on the Constitution § 1398 (5th ed. 1891). A similar principle abounds in the laws of other nations. See, *e.g.*, *Gustavson Drilling (1964) Ltd. v. Minister of National Revenue,* 66 D.L.R.3d 449, 462 (Can. 1975) (discussing rule that statutes should not be construed in a manner that would impair existing property rights); The French Civil Code, Preliminary Title, art. 2, p. 2 ('Legislation only provides for the future; it has no retroactive effect') (J. Crabb trans., rev. ed. 1995); Aarnio, Statutory Interpretation in Finland 151, in Interpreting Statutes: A Comparative Study (D. MacCormick & R. Summers eds. 1991) (discussing prohibition against retroactive legislation). 'Retroactive legislation,' we have explained, 'presents problems of unfairness that are more serious than those posed by prospective legislation, because it can deprive citizens of legitimate expectations and upset settled transactions.' *General Motors Corp. v. Romein,* 503 U.S. 181, 191 (1992).

"Our Constitution expresses concern with retroactive laws through several of its provisions, including the Ex Post Facto and Takings Clauses. *Landgraf, supra,* at 266. In *Calder v. Bull*, 3 Dall. 386, 1 L.Ed. 648 (1798), this Court held that the Ex Post Facto Clause is directed at the retroactivity of penal legislation, while suggesting that the Takings Clause provides a similar safeguard against retrospective legislation concerning property rights."

All of the reasons set forth in *Eastern Enterprises v. Apfel* cry out against the retrospective application of the new, unexpected and sweeping rule announced in *Festo*. Generations of practitioners in the Patent Office have amended, and explained the reasons for their amendments, in confident expectation that by so doing they were not jeopardizing the protection their clients would receive.[19] But the Federal Circuit's search for a "bright line" has turned their world (and their clients' world) upside down. The protection their clients thought they had is no longer there. Anyone with any ingenuity can now appropriate any invention with a minimum of change and still be safe from infringement claims.

This far-reaching consequence of the *Festo* decision was recognized by Judge Michel in his dissenting opinion in *Festo*. Ironically and significantly, Judge Michel explained the consequences of *Festo* by using the Insituform '012 patent as an example:

> "The ease and certainty with which this method can be applied may be readily appreciated with reference to cases such as *Insituform Technologies, Inc. v. Cat Contracting, Inc.*, 99 F.3d 1098, 40 U.S.P.Q.2d 1602 (Fed.Cir.1996). . . . The patentee had amended the asserted patent claim in response to an examiner's patentability rejection to include the limitation that the vacuum be applied sequentially in a stepwise fashion using a cup that was repeatedly removed from one location along the pipe and moved further downstream once the resin had profused near the original location of the cup. See *id.* at 1104, 40 U.S.P.Q.2d at 1606.

[19] For a discussion of the many cases applying the flexible bar rule in effect before *Festo*, see Judge Michel's dissenting opinion in *Festo*, 234 F.3d at 613-616.

> "A copyist's first step in exploiting today's ruling to avoid liability, then, would be to identify a claim limitation that was amended for patentability reasons. Here, that is the limitation requiring the successive application of a cup to different locations along the outside of the pipe. The second step, then, would be to determine the most convenient substitute for this limitation. In this case, the copyist could simply apply the vacuum simultaneously using two cups. As we held in *Insituform*, this would be sufficient to avoid literal infringement. 99 F.3d at 1106-07, 40 U.S.P.Q.2d at 1608. And under today's ruling the amended limitation is not entitled to any protection under the doctrine of equivalents, so the copyist will have succeeded in avoiding all liability by simply practicing the claimed invention, but using two cups.
>
> "Because today's ruling completely eliminates protection against known substitutes for the amended limitation, any competitor adopting this method would be free from liability, as the amended limitation is not met literally but rather is supplied by an obvious equivalent. To me, protection against such 'close copying' is the central office of the doctrine of equivalents." 234 F.3d at 616-617.

What Judge Michel envisioned as a horrible example has come to pass. What he warned against in his dissenting opinion in *Festo* became the decision of the Federal Circuit in this case.

By severely limiting the doctrine of equivalents in this case, the Federal Circuit has departed from the accepted and usual course of judicial proceedings. It has abandoned an ancient and important rule of law, a rule

upon which many have placed significant and justified reliance. Such a far-reaching decision should be left to Congress. This Court recognized this obvious wisdom in *Warner-Jenkinson*. Writing for the Court, Justice Thomas there noted that "Congress can legislate the doctrine of equivalents out of existence any time it chooses." (520 U.S. at 28.) Recognizing the proper limits of its sphere of action, this Court deferred to the legislative branch: "The various policy arguments now made by both sides are thus best addressed to Congress, not this Court." (*Ibid.*)

The Federal Circuit in *Festo* and in this case showed no such deference to Congress. Rather it rushed in where this Court had refused to go. It made its own legislative[20] decision to change the established balance between (i) the need for giving the public notice of the scope of a patent, and (ii) the need to give the patentee the benefit of his invention. The Federal Circuit did what Congress had not done. It put its thumb (or rather its whole foot) on the scales to favor the interest in providing public notice.

By usurping the legislative function, the Federal Circuit impaled itself inextricably on the horns of a dilemma. Fundamental fairness requires that legislation operate prospectively only, but the nature of judicial decision argues for retrospective application.[21] There is but one obvious solution. The Federal Circuit should

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[20] Judge Linn so characterized the majority's decision in his dissenting opinion in *Festo*: "The majority . . . legislates a new balance between inventor and imitator." 234 F.3d at 638.

[21] See *Reynoldsville Casket Co. v. Hyde*, 514 U.S. 749 (1995); *Harper v. Virginia Dept. of Taxation*, 509 U.S. 86 (1993). But *cf. Chevron Oil Company v. Huson*, 404 U.S. 97 (1971); *St. Francis College v. Al-Khazraji*, 481 U.S. 604 (1987).

not legislate. That is not a judicial function, and this Court in the exercise of its supervisory power should correct the Federal Circuit's error.

CONCLUSION

In *Insituform II* the Federal Circuit correctly read *Warner-Jenkinson*. The Federal Circuit there correctly held that the presumption described by Justice Thomas in *Warner-Jenkinson* is rebuttable. It is rebutted when the reasons for a change in claim during prosecution are fully explained in the prosecution history. Indeed, it would be hard to read *Warner-Jenkinson* any other way:

> "Our prior cases have consistently applied prosecution history estoppel only where claims have been amended for a limited set of reasons, and we see no substantial cause for requiring a more rigid rule invoking an estoppel **regardless of the reasons for a change.**" (520 U.S. at 32; emphasis added)

In *Warner-Jenkinson* this Court held that an **unexplained** change in a claim during prosecution gives rise to a rebuttable presumption of the surrender of equivalents. In this case the Federal Circuit has converted that rebuttable presumption into an irrebuttable one. It has applied that irrebuttable presumption to a change that is **fully explained** in the prosecution history. By so doing it has demolished the doctrine of equivalents. The decision of the Federal Circuit in this case thus is inconsistent with the decisions of this Court in *Graver Tank* and *Warner-Jenkinson*.

Moreover, the change in the law effected by the Federal Circuit in *Festo*, as applied and extended in this case, is legislative in essence and magnitude. Whether and how to re-balance the interests of inventors and

imitators are questions that should have been left to Congress to decide. Had a re-balancing rule been adopted legislatively, the manifest injustices of retrospective legislation could have been avoided. But because the Federal Circuit is a judicial rather than a legislative body, it cannot avoid those injustices when its legislates.

In the exercise of its supervisory powers, this Court should consider whether the Federal Circuit exceeded its proper bounds.

For these reason this Court should issue its writ of certiorari.

GREGORY E. UPCHURCH
Counsel of Record
LEWIS R. MILLS
Thompson Coburn LLP
One Fristar Plaza
St. Louis, Missouri 63101
(314) 552-6000

OF COUNSEL
Harold James
James & Franklin LLP
60 East 42nd Street, Suite 1217
New York, New York 10165
(212) 867-7260